

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 98-0760P**  
**Individual Income Tax**  
**Calendar Year 1997**

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**ISSUE(S)**

I. **Tax Administration** – Underpayment Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer's CPA, in a letter dated December 9, 1998 protested the penalty assessed and states that the penalty is unfair. Taxpayer filed its 1997 IT-40 on April 14, 1998 with a tax balance due of \$415.

The Department assessed an underpayment penalty in the amount of \$16.74.

I. **Tax Administration** – Underpayment Penalty

**DISCUSSION**

Taxpayer requests the department waive the penalty assessed because the taxpayer owed just \$15 over the \$400 threshold.

The 1997 Indiana Resident Individual Tax Booklet, page 29, clearly states who must make estimated income tax payments. An ES-40 Estimated Tax Payment coupon and an Estimated Income Tax Worksheet are included on the page.

IC 6-3-4-4.1 (c) states:

Every individual who has gross income subject to the tax imposed by this article and from which tax is not withheld under the requirements of section 8 of this chapter shall make a declaration of estimated tax for the taxable years. However, no such declaration shall be required if the estimated tax can reasonably be expected to be less than four hundred dollars (\$400). In the case of an underpayment of the estimated tax as provided in Section 6654 of the Internal Revenue Code, there shall be added to the tax a penalty in an amount prescribed by IC 6-8.1-10-2.1(b).

The IT-40 return, line 31 also clearly lists penalty for underpayment of estimated tax for 1997.

**FINDING**

Taxpayer's protest is denied.